

The State of Working
New York 2012:
Disappointingly Weak
Recovery



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Highlights

After three years of tepid recovery from the Great Recession of 2008-2009, unemployment in New York State remains very high, representing an enormous waste of human capital. Even if the reported unemployment rate is overstated by about one percent, as there is some indication may be the case, New York's unemployment would still be around eight percent, far higher than the pre-recession level of five percent.

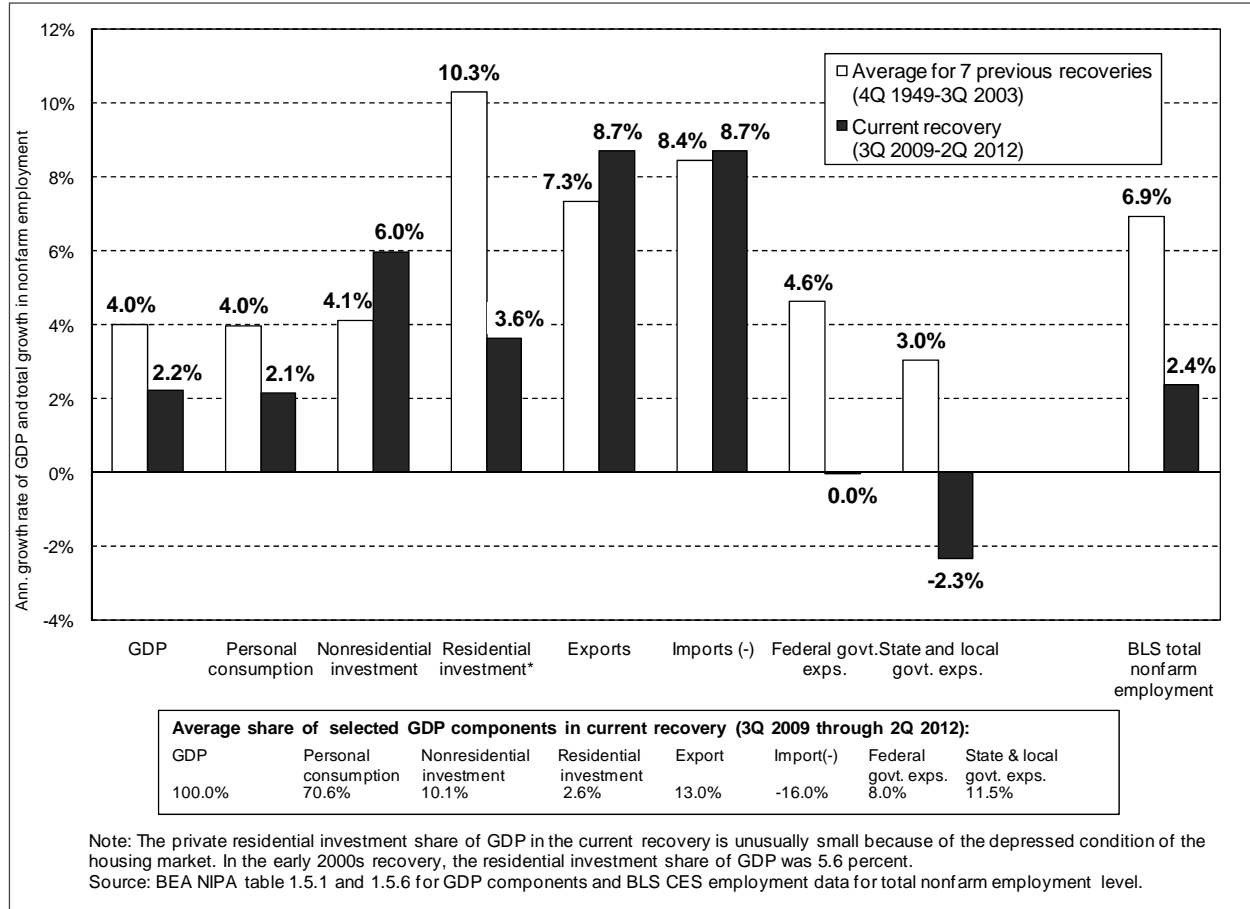
- **Unemployment has been around eight percent or higher for the past three and a half years**, the longest stretch since the mid-1970s. **The average duration of unemployment is currently nine months**, and is even longer for unemployed New York City workers and for unemployed college-educated and older workers in the downstate suburbs and upstate.
- **The severity and nature of the Great Recession and financial collapse help account for the historic weakness of the national recovery.** Through its first three years, Gross Domestic Product has grown at about half the pace of the average recovery since the 1930s. Job growth has been about one third the normal pace. Besides slack consumer spending because of high household debt and unemployment, government spending in this recovery, particularly at the state and local level, has been much weaker than in prior recoveries. During the first three years of previous recoveries, state and local spending grew at an average annual rate of three percent; during the first three years of the current recovery, state and local spending declined on average by 2.3 percent per year. In various ways, government spending supports considerable private sector jobs and economic activity.
- During the recovery, **New York State's payroll job growth has been slightly better than or even with national job growth.** While New York has added back a little more than the number of jobs lost during the recession, the state's working age population has grown by about 100,000, and self-employment has fallen by about 100,000 over the past four years. Many more jobs are needed to bring the unemployment rate back to pre-recession levels.
- **The modest job growth in New York over the past four years has been concentrated among low-wage industries** paying, on average, less than \$45,000 annually. Since July 2008, New York has experienced an overall net gain of 21,000 jobs but that reflects the net loss of 144,000 middle wage jobs, the net loss of 29,000 high-wage jobs, and a net gain of 194,000 jobs in low-wage industries. Low-wage job growth has been led by restaurants (75,000), private educational services other than colleges (42,000), and home health care services (31,000). Topping the list of middle-wage industries losing jobs over the past four years are manufacturing (74,000), construction (59,000), and government (48,000).
- **There is strong evidence that the reported unemployment level for New York State is overstated by about a percentage point.** While it is not unusual for the unemployment rate to occasionally tick upward during a recovery as formerly discouraged workers re-enter the labor market, the officially reported New York State unemployment rate has inexplicably risen sharply over the past year from 8.2 percent to 9.1 percent even though the state gained 114,500 jobs during this same period. The size of New York's labor force has increased over the past year, but 11 other states had greater proportionate labor force

increases and in 10 of those states, unemployment fell. No state has had a greater increase than New York in its reported unemployment rate over the past two years, yet New York had the 13th fastest payroll job growth among all 50 states. The degree of overstatement is about one percent for the state overall, New York City, and most areas within the state.

- Even though the reported unemployment rate might be overstated, it is clear that **unemployment remains a serious problem in New York**. While initial unemployment claims rate relative to the number of payroll jobs (the “layoff rate”) has declined from a high reached in the first half of 2009, it was still higher during the first half of 2012 than during the 2001-2003 recession. An average of 25,000 New York workers lost their jobs and applied for unemployment insurance each week during the first half of 2012.
- While New York City outpaced the state in job growth in the 12 months through July 2011, **over the past year job growth has slowed in the city while it has picked up in several upstate metro areas**, including Rochester, Utica-Rome, Ithaca and Binghamton. Job growth slowed on Long Island while it continued slightly above 2 percent in the northern suburbs of Putnam-Rockland-Westchester counties. Over the past year, job growth has also slowed in the Albany and Buffalo metro areas and there was a slight decline in payroll employment in the Syracuse metro area. Because job growth generally has been faster in New York City and the downstate suburbs, job growth for the 12 months through July 2012 was 1.4 percent in the 10-county downstate area, but only 0.7 percent in the 52-county upstate area.
- **Unemployment over the past four years has affected different New York demographic groups unevenly**, and, in some cases, differently depending on whether a worker resides in New York City or in the downstate suburbs or upstate.
 - Generally, unemployment has risen more for men than for women.
 - Blacks in New York City were hit the hardest of all groups, while Hispanics in both the city and the balance of the state experienced large unemployment increases.
 - The fact that most of New York City’s recent job growth has been concentrated in low-wage sectors helps explain why the unemployment rate rose faster for city residents with some college than for those with less than a high school education. Outside New York City, unemployment hit less-educated workers the hardest.
 - Unemployment rate increases in the city have been heavily concentrated among workers from 18 to 44 in age, while the employment rate rose sharply for workers 55 and older, likely an indication that older workers are holding onto jobs rather than retiring.
 - For the balance of the state (all of New York State outside of New York City), workers aged 35-44 have fared better—in terms of a fairly flat employment rate and a relatively small increase in unemployment—than workers aged 45-54.
- **Unemployment is much higher in New York’s large cities than in the suburban parts of the state’s major metro areas**. In the five major upstate metro areas, the large cities averaged 10.4 percent unemployment in the first half of 2012, 2.5 percentage points higher than in the suburbs of those metro areas. Unemployment averaged 9.8 percent in New York City for the first half of 2012 and 7.4 percent in the five downstate suburban counties.

National economic growth during the first three years of the current recovery is half the pace of previous recoveries.

FIGURE 1

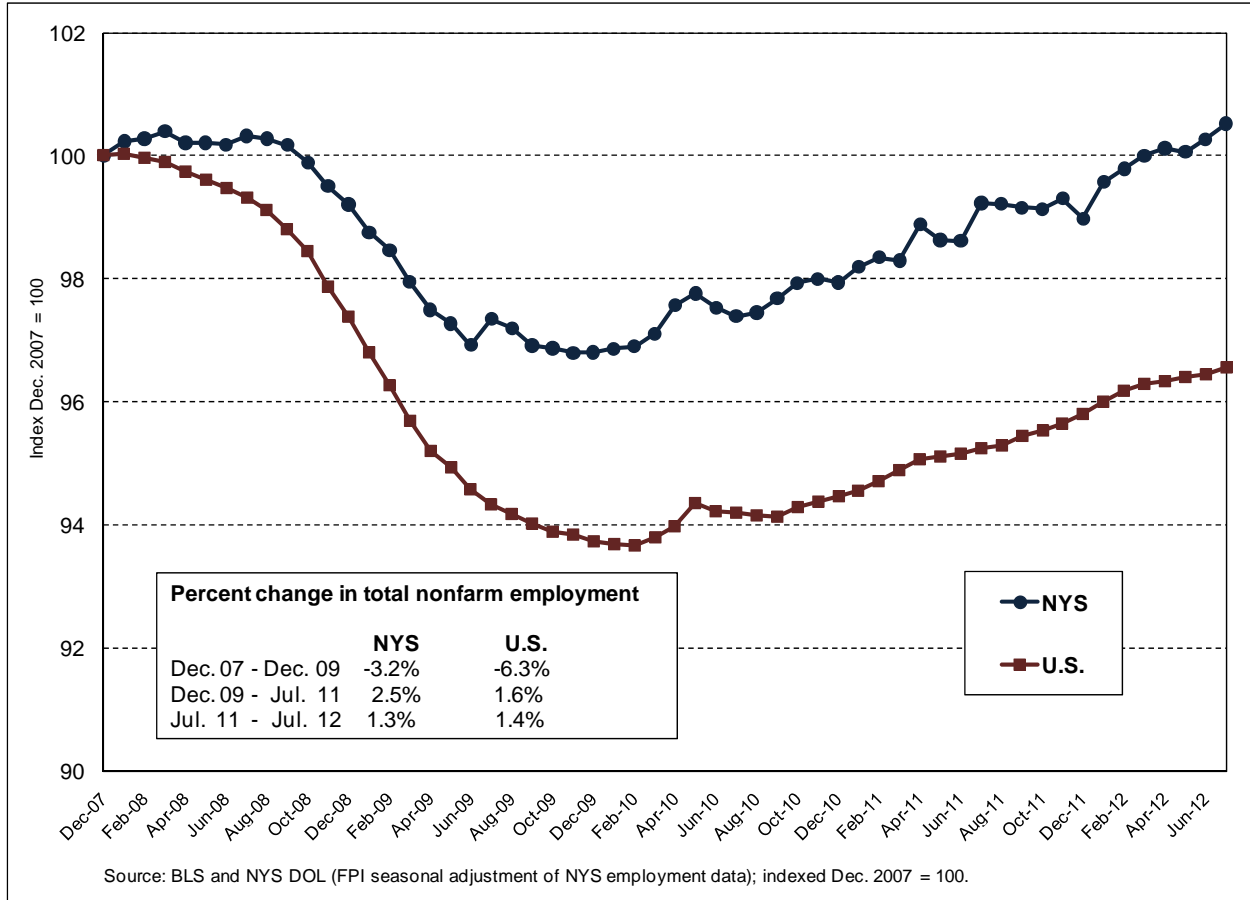


The current recovery, which started in mid-2009, is the weakest on record since the 1930s. The bursting of the unprecedented mortgage-lending-fueled housing bubble and dislocations related to financial sector excesses were largely responsible for the severity of the Great Recession and the associated financial crisis. It will take many years to overcome myriad problems in the housing market; new home construction and home buying are at subpar levels, substantially weakening one of the mainstays of typical economic expansions. Job growth has been about one third the average for prior recoveries.

Consumption demand, which accounts for 70 percent of Gross Domestic Product (GDP), has been weak because of high household debt burdens, high unemployment, and stagnant wages. In this recovery, consumer demand has averaged 2.1 percent annual growth, compared to 4.0 percent annual growth in previous recoveries. The weakness of government spending has also been a severely restraining factor. For the past three years, federal government spending has been flat while it averaged 4.6 percent in prior recoveries. State and local government spending has contracted at a 2.3 percent annual rate compared to 3.0 percent annual average growth normally.

New York State’s payroll job growth exceeded the national pace for the first year-and-a-half of the recovery (through mid-2011), and since then has stayed even with the nation overall.

FIGURE 2



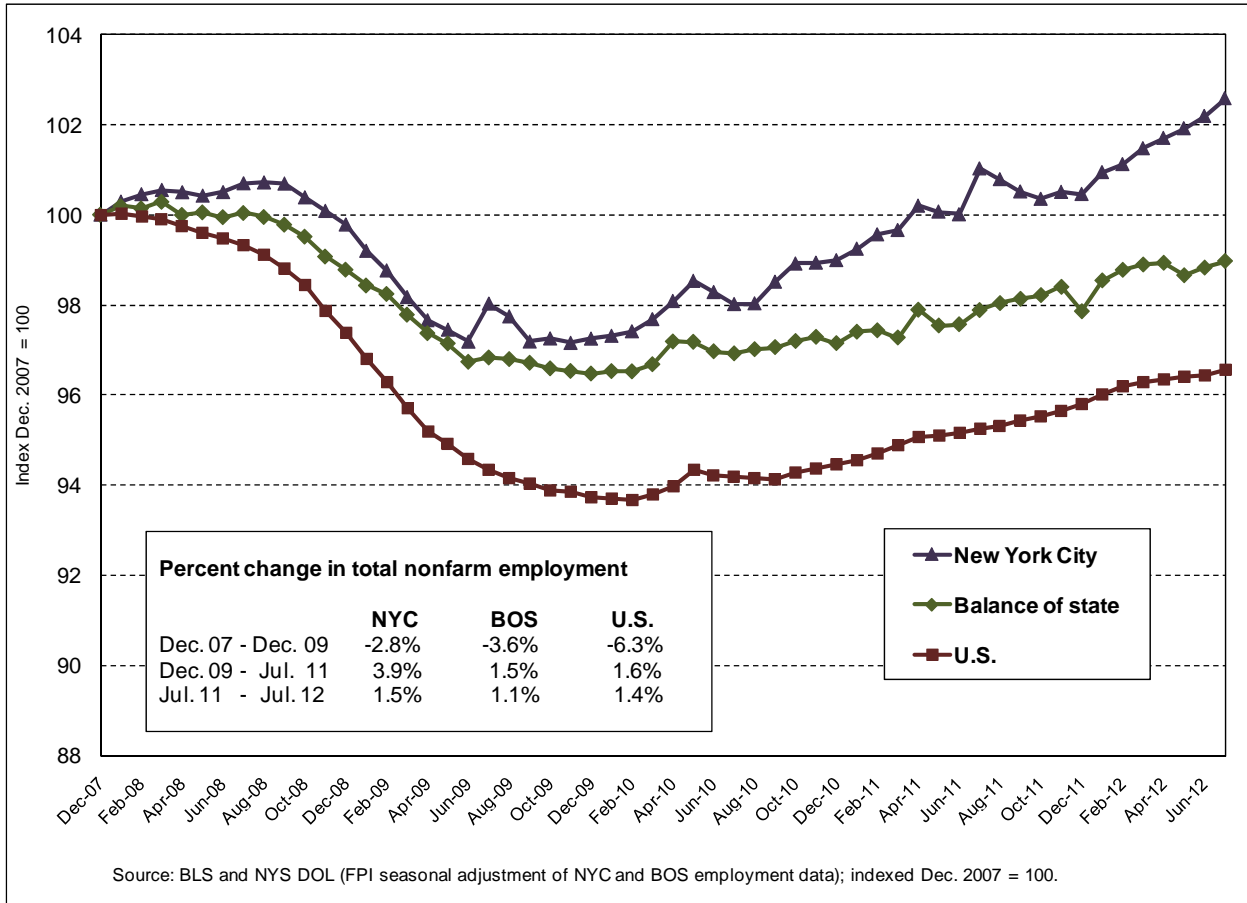
Although GDP began to recover in the third quarter of 2009, payroll employment continued to decline through the end of 2009 for New York State, and through February 2010 for the nation as a whole. As this chart indicates, payroll jobs grew at a slightly faster pace in New York State from December 2009 through July 2011 than in the nation overall.

Over the past year, New York State added 114,500 public and private payroll jobs, a growth rate even with the pace of national job growth.

Payroll job losses during the Great Recession of 2008-2009 were much greater (6.3 percent) for the United States overall than for New York State (3.2 percent) from December 2007 to December 2009. New York’s total payroll job level, now at 8,832,000, is slightly above the pre-recession peak level reached in July 2008 (8,814,000). However, since the state’s working age population grew by about 100,000 between the first half of 2008 and the first half of 2012, many more jobs are needed—in the neighborhood of 300,000—to bring unemployment back to the pre-recession level of five percent.

New York City’s payroll job growth during the recovery’s first year-and-a-half was more than twice as fast as the nation’s overall, and about the same for the past year, while job growth in the balance of the state has slightly trailed the national average.

FIGURE 3



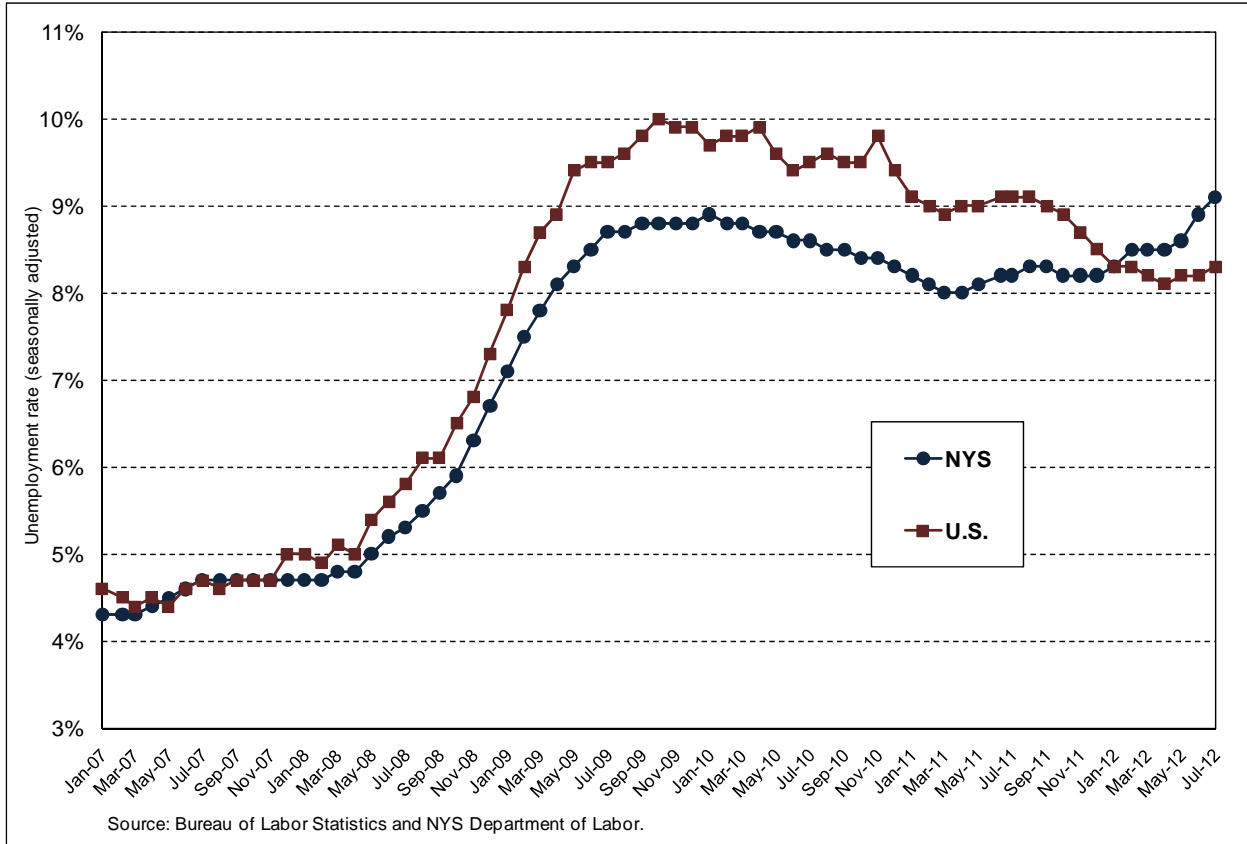
Within New York State, New York City has experienced faster job growth than the balance of the state (the downstate suburbs and all of upstate) during the recovery so far. Particularly during 2010 and the first half of 2011, New York City’s job growth was much faster than the national average.

Both New York City and the balance of New York State lost jobs at a slower pace during the Great Recession than did the nation overall. New York City’s payroll job level (3,876,000) is about two percent above its pre-recession peak level. The balance of New York State lost proportionately more jobs than New York City during the recession and its slower recovery job growth rate means that its current payroll employment level (4,956,000) is still a little more than one percent below its pre-recession level.

Payroll employment in the United States is still down more than three percent from its pre-recession peak level.

Although payroll jobs have increased steadily over the past year, New York State's unemployment rate inexplicably has been rising at a time when the U.S. unemployment rate has been falling.

FIGURE 4



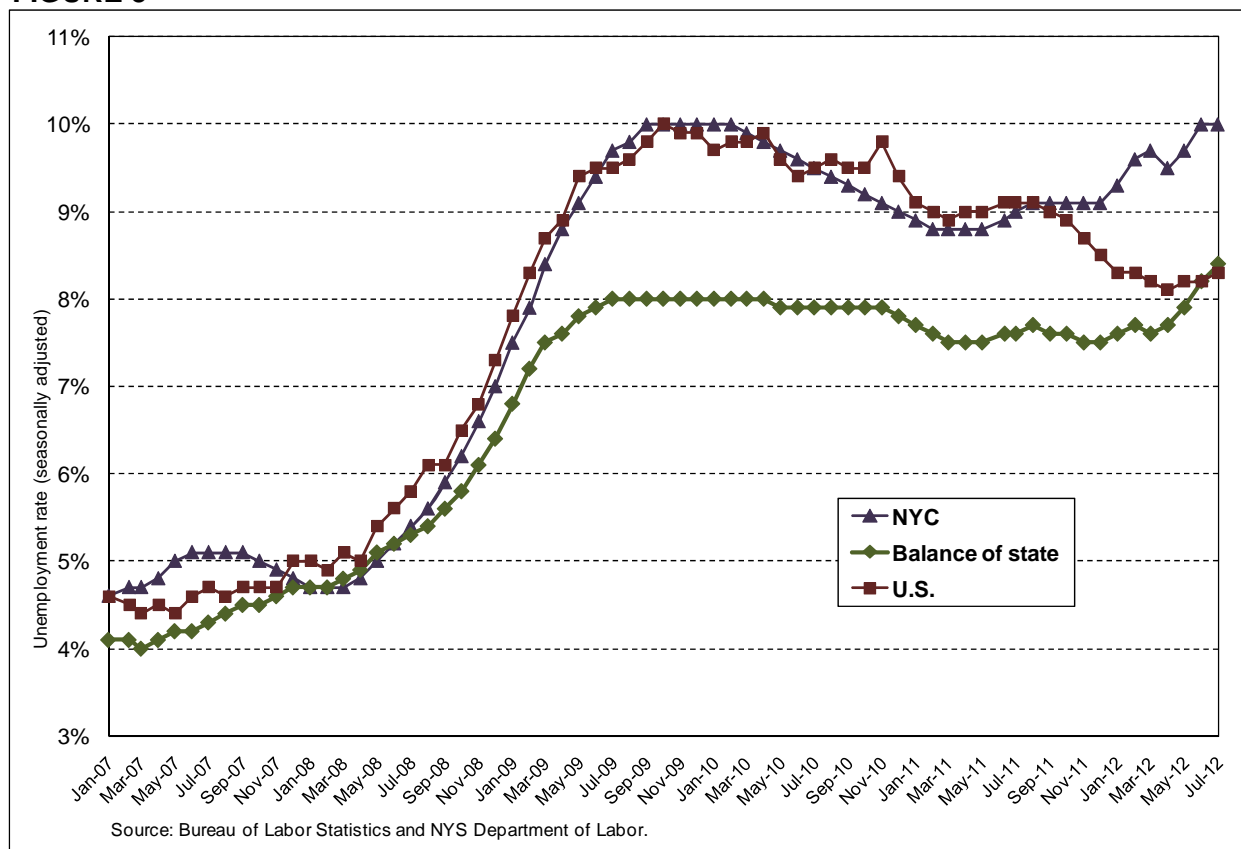
It is not unusual for the unemployment rate to occasionally tick upward during a recovery as formerly discouraged workers re-enter the labor market. However, the officially reported New York State unemployment rate has inexplicably risen sharply over the past year from 8.2 percent to 9.1 percent even though the state gained 114,500 jobs from July 2011 to July 2012. The state's latest unemployment rate of 9.1 percent is even higher than the 8.9 percent high point reached in January 2010, although the state has gained nearly 200,000 payroll jobs since then.

The U.S. Bureau of Labor Statistics conducts two surveys each month, one that surveys establishments and is the basis for the payroll employment estimates, and one that surveys households and is the basis for the unemployment rate estimates. The state's labor force has increased by 125,000 over the past year, but the resident employment series associated with the household survey shows only a slight 36,000 employment increase over that period, a result that is challenging to reconcile with the 114,500 payroll employment increase over the same period.

Given the unprecedented weakness of the recovery, it is highly likely that unemployment remains very high in New York, as is the case nationally and in almost every other state. However, it is likely that the unemployment rate is closer to 8 percent than to 9 percent.

As with the overall state figure, the unemployment rates for New York City and the balance of the state have inexplicably been rising sharply over the past year.

FIGURE 5



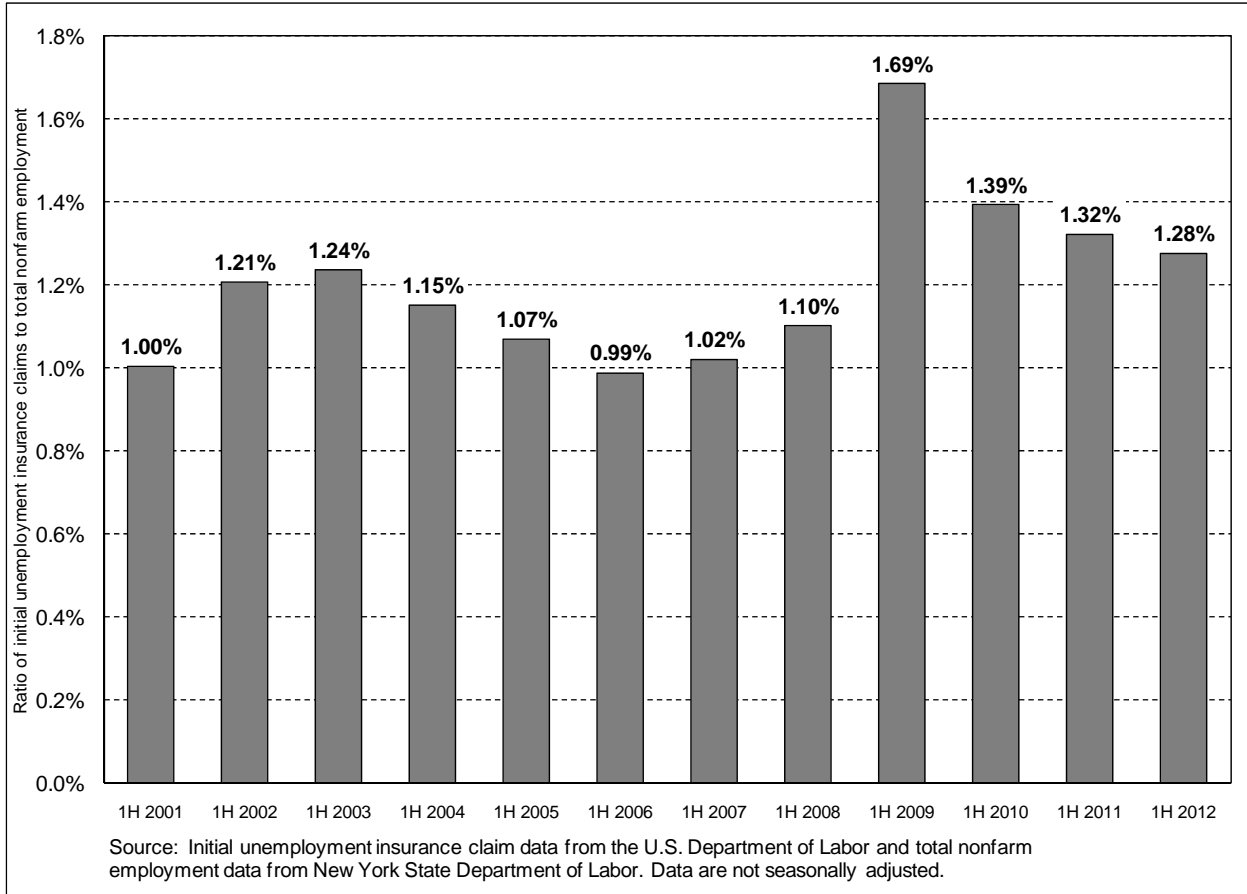
As for the state as a whole, the unemployment rates for both New York City and the balance of the state have been rising fairly steadily over the past year. At the same time, the national unemployment rate has been falling. New York City’s unemployment rate was 10 percent in July 2012, matching the peak level reached in late 2009 when the recession was at its worst in terms of the job picture. For the balance of the state—the downstate suburbs and all of upstate—July unemployment was 8.4 percent, surpassing the recession high of 8 percent.

Even though there have been increases in the unemployment rate nationally in some recent months when labor force increases exceeded payroll job gains, the national unemployment rate has still fallen by a net of eight tenths of a percent over the past year. In New York City, however, the unemployment rate rose by a full percentage point from July 2011 to July 2012, and the unemployment rate for the balance of the state increased by eight tenths of a percent.

As with the state overall, since both the city and the balance of the state have experienced meaningful payroll job growth over the past year, it is hard to fathom a scenario that would result in the unemployment rate rising as much as it is reported to have risen for each area. See the Appendix for a discussion of other factors that could account for a rising unemployment rate.

New York State’s initial unemployment insurance claims rate (or “layoff rate”) has come down since 2009, but was still greater in the first half of 2012 than during the 2001-2003 recession.

FIGURE 6



The initial unemployment insurance claims rate (the “layoff rate”) measures the weekly level of initial claims relative to the state’s payroll employment level. While the initial unemployment claims rate has declined from a high reached in the first half of 2009, it was still higher during the first half of 2012 than during the 2001-2003 recession. Even though New York State is experiencing a moderate amount of payroll job growth, the rate at which workers were losing their jobs and turning to unemployment insurance in the first half of 2012 was greater than during the 2001-2003 recession. This is one indication that unemployment continues to be a significant problem even if the officially reported unemployment rate is overstating the precise magnitude of New York’s unemployment rate.

Nearly 470,000 unemployed New York State residents were receiving unemployment insurance in mid-July 2012. An average of over 25,000 New York workers filed initial claims for unemployment insurance each week during the first six months of 2012.

The payroll and household employment surveys present very different pictures of the changes that have occurred in NYS and in each of its major metro areas over the past two years.

FIGURE 7

	Employment change July 2010 to July 2012	
	Payroll employment survey	Household employment survey
United States	3,244,000	2,992,000
New York State	278,000	-36,900
New York City	172,800	2,900
Long Island	21,500	-9,200
Putnam-Rockland-Westchester	24,800	9,600
Albany MSA*	5,900	-6,800
Buffalo MSA (Erie & Niagara Counties)	11,400	-4,400
Rochester MSA**	15,700	1,000
Syracuse MSA (Madison, Onondaga, & Oswego Counties)	1,800	-6,900

Source: FPI analysis of NYS Dept. of Labor Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS)

*Albany MSA is Albany, Rensselaer, Saratoga, Schenectady, & Schoharie Counties

**Rochester MSA is Livingston, Monroe, Ontario, Orleans, & Wayne Counties

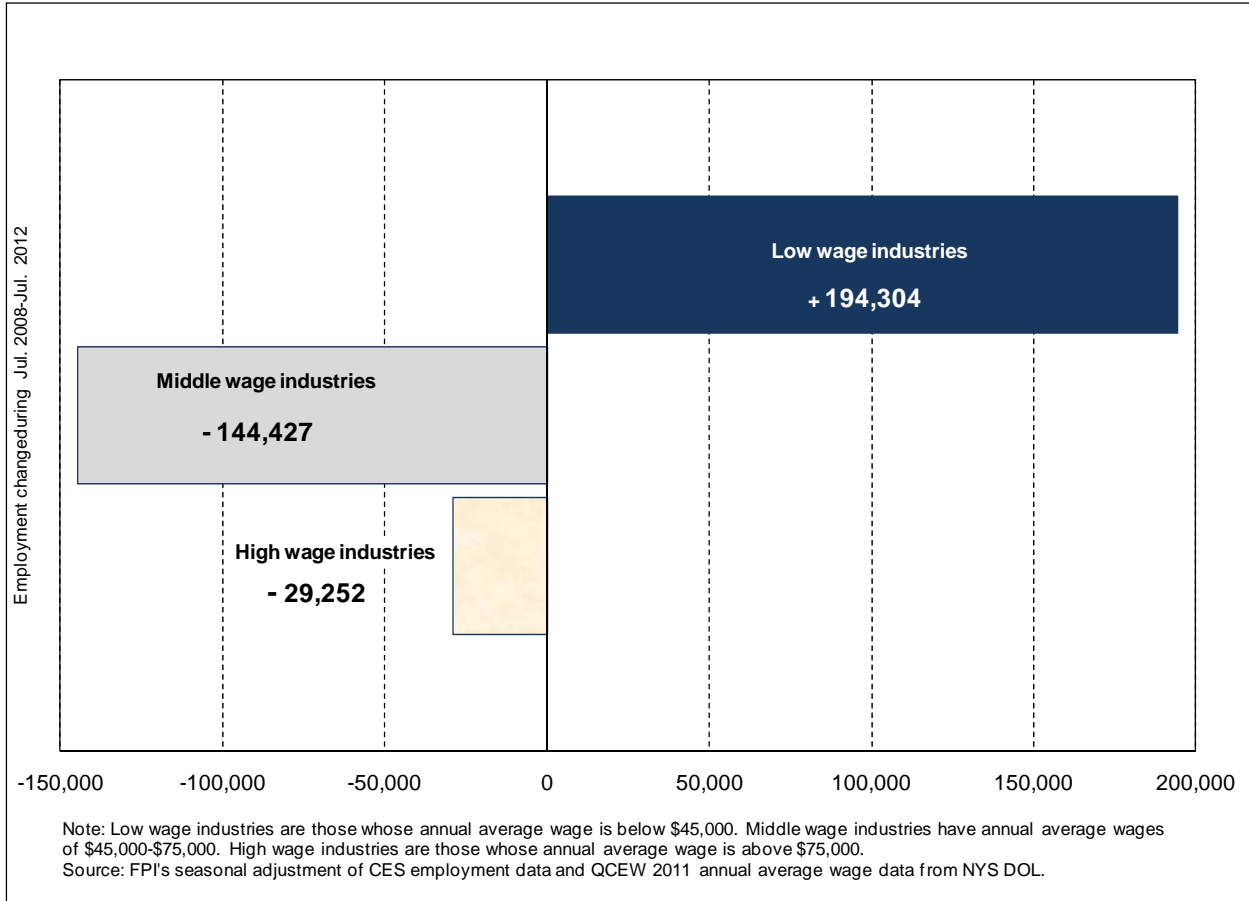
Another indication of the implausibility of New York’s recently reported unemployment rates emerges from the comparison of payroll employment change to household employment change over the past two years. While payroll employment counts jobs in New York State and the household survey counts employment of New York State residents, there should not be dramatically divergent trends in comparing the two series side by side.

From July 2010 to July 2012, the change in payroll employment and household employment was fairly similar for the U.S., 3.2 million vs. 2.9 million, respectively. On the other hand, in New York there was a large 278,000 gain in payroll employment but the household survey showed a 37,000 decline in household employment over the same period. And the disparities are of a similar magnitude for New York City (173,000 vs. 3,000), the downstate suburbs and the major upstate metropolitan areas.

Among all 50 states, no state had a larger unemployment rate increase between July 2010 and July 2012 than New York, for which the increase was 0.5 percentage points. In fact, only one other state, New Jersey, had an increase in unemployment over that period, but New Jersey had a far smaller payroll job gain than New York. New York’s payroll job growth ranked 13th highest among all states over that 2-year period, and all of those states had a decline in their unemployment rates of at least six tenths of a percent, with nine of those states having an unemployment rate decline of more than one percent. Yet, New York’s reported unemployment rate rose by 0.5 percentage points.

Net job gains over the past four years in New York State have been concentrated in industries with low average wages.

FIGURE 8

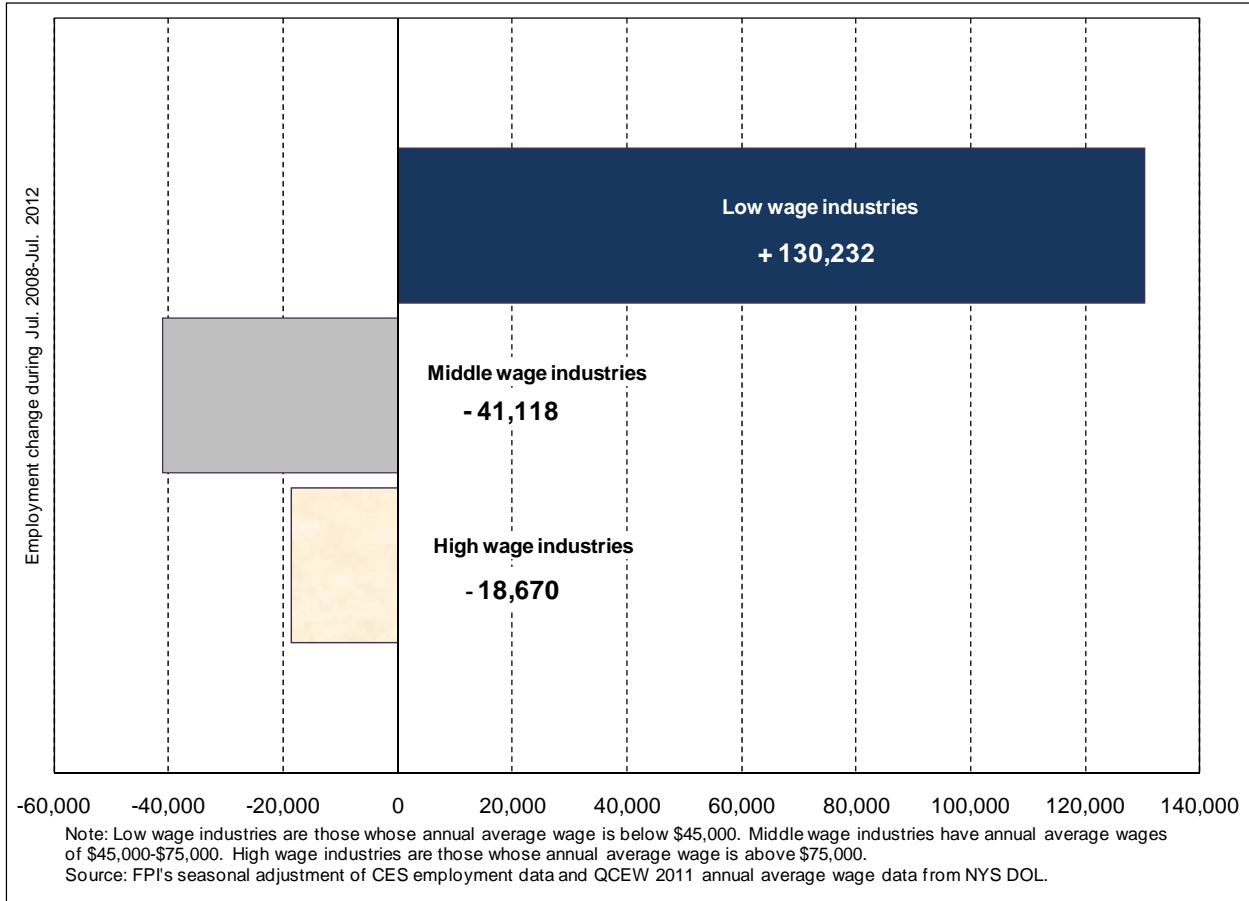


The Great Recession of 2008-2009 and its aftermath have continued trends that existed for several years where New York has lost hundreds of thousands of middle income jobs (with average annual wages between \$45,000 and \$75,000) while most net job growth has occurred among industries that pay lower wages (average wages below \$45,000). Since the recession's onset in July 2008, New York has experienced an overall net gain of 21,000 jobs but that reflects the net loss of 144,000 middle wage jobs, a net loss of 29,000 high-wage jobs, and a net gain of 194,000 jobs in low-wage industries. The leading sectors for low-wage job growth include restaurants (75,000), private educational services other than colleges (42,000), and home health care services (31,000).

Topping the list of industries losing the most jobs over the past four years are three middle-wage sectors: manufacturing (74,000), construction (59,000), and government (48,000). While professional services added 25,000 jobs among high-paying sectors, those gains were more than offset by the net loss of 24,000 finance and insurance jobs and 18,000 jobs in the information sector.

Since the recession began in mid-2008, New York City’s job growth has been concentrated in industries with low average wages.

FIGURE 9



With respect to the state trend of most job growth occurring in low-wage industries, New York City accounts for much of that statewide picture. Over the past four years, New York City has had an overall net gain of 70,000 jobs, but that includes the net loss of 41,000 middle-wage jobs paying between \$45,000 and \$75,000, the net loss of 19,000 high-wage jobs, and a net increase of 130,000 jobs in low-wage sectors paying less than \$45,000 annually.

New York City’s low-wage job gains have been led by restaurants (42,000), retail trade (27,000) and home health care services (26,000). The three sectors accounting for the biggest losses of middle-income jobs are the same as for the state, but government is the biggest source of middle-income job loss in the city (30,000), followed by construction (23,000) and manufacturing (22,000).

Among high-paying sectors, professional services have gain 10,000 jobs since mid-2008, but that number has been more than offset by the net loss of 20,000 jobs in finance and insurance and the loss of 11,000 jobs in wholesale trade.

New York State’s payroll job growth was better than the nation’s in the year through July 2011 and even with the nation’s for the year through July 2012. New York City’s job growth slowed over the past year, while it picked up in Rochester, Utica-Rome, Ithaca, and Binghamton.

FIGURE 10

Total non-farm employment in thousands	Total non-farm employment in July of each year			Absolute change in employment		Percent change in employment	
	2010	2011	2012	2010-2011	2011-2012	2010-2011	2011-2012
United States	129,624.0	131,038.0	132,868.0	1,414.0	1,830.0	1.1%	1.4%
New York State	8,562.9	8,726.4	8,840.9	163.5	114.5	1.9%	1.3%
New York City	3,699.0	3,812.8	3,871.8	113.8	59.0	3.1%	1.5%
Eastern New York	2,657.9	2,690.2	2,712.9	32.3	22.7	1.2%	0.8%
Albany-Schenectady-Troy, NY MSA	433.7	437.5	439.6	3.8	2.1	0.9%	0.5%
Glens Falls, NY MSA	58.4	58.3	58.4	-0.1	0.1	-0.2%	0.2%
Kingston, NY MSA	60.3	60.8	61.2	0.5	0.4	0.8%	0.7%
Nassau-Suffolk, NY Metropolitan Division	1,232.4	1,246.4	1,253.9	14.0	7.5	1.1%	0.6%
Poughkeepsie-Newburgh-Middletown, NY MSA	248.6	250.5	251.0	1.9	0.5	0.8%	0.2%
Putnam-Rockland-Westchester, NY MSA	561.2	573.7	586.0	12.5	12.3	2.2%	2.1%
Columbia County	20.3	20.6	20.3	0.3	-0.3	1.5%	-1.5%
Greene County	15.1	15.1	15.2	0.0	0.1	0.0%	0.7%
Sullivan County	27.9	27.3	27.3	-0.6	0.0	-2.2%	0.0%
Western and Northern New York	2,154.2	2,170.6	2,189.2	16.4	18.6	0.8%	0.9%
<i>W & N NY Metropolitan Areas</i>	1,644.9	1,659.9	1,679.3	15.0	19.4	0.9%	1.2%
Binghamton, NY MSA	107.8	108.0	110.2	0.2	2.2	0.2%	2.0%
Buffalo-Niagara Falls, NY MSA	533.2	542.2	544.6	9.0	2.4	1.7%	0.4%
Ithaca, NY MSA	61.3	60.6	63.0	-0.7	2.4	-1.1%	4.0%
Rochester, NY MSA	498.8	505.1	514.5	6.3	9.4	1.3%	1.9%
Syracuse, NY MSA	311.5	313.6	313.3	2.1	-0.3	0.7%	-0.1%
Utica-Rome, NY MSA	132.3	130.4	133.7	-1.9	3.3	-1.4%	2.5%
<i>W& N NY non-Metropolitan Areas</i>	509.3	510.7	509.9	1.4	-0.8	0.3%	-0.2%
10-county downstate area	5,492.6	5,632.9	5,711.7	140.3	78.8	2.6%	1.4%
52-county upstate area	3,018.5	3,040.7	3,062.2	22.2	21.5	0.7%	0.7%

Source: BLS and NS DOL (July of each year, not seasonally adjusted).

While New York City paced the state in job growth in the 12 months through July 2011, over the past year, job growth has slowed in New York City while it has picked up in several upstate metropolitan areas, including Rochester, Utica-Rome, Ithaca and Binghamton. Job growth slowed on Long Island while it continued slightly above 2 percent in the northern suburbs of Putnam-Rockland-Westchester counties. Over the past year, job growth has also slowed in the Albany and Buffalo metro areas and there was a slight decline in payroll employment in the Syracuse metro area.

Because job growth in New York City and the downstate suburbs generally has been greater over the past 12 months through July 2012, job growth was 1.4 percent in the 10-county downstate area during this period, but only 0.7 percent in the 52-county upstate area.

Even if New York State’s unemployment rate is somewhat overstated, it is still much higher than before the recession.

FIGURE 11

New York State	Employment to population ratio			Unemployment rate		
	1H of 2008	1H of 2012	Change in pct. point	1H of 2008	1H of 2012	Change in pct. point
ALL	58.8%	55.8%	-3.0%	4.9%	8.5%	3.7%
Gender						
Males	64.8%	61.6%	-3.2%	5.2%	9.2%	3.9%
Females	53.3%	50.5%	-2.8%	4.4%	7.8%	3.4%
Race and Ethnicity						
White non-Hispanics	60.1%	58.1%	-2.0%	4.1%	7.1%	3.0%
Black non-Hispanics	56.4%	50.7%	-5.7%	7.2%	13.5%	6.2%
Hispanics	56.1%	52.8%	-3.3%	6.1%	11.9%	5.8%
Asians & others	57.7%	54.1%	-3.7%	4.7%	5.2%	0.5%
Education Attainment Level						
Less than High School	37.6%	33.1%	-4.5%	6.9%	12.4%	5.5%
High school or equiv.	55.0%	52.8%	-2.2%	5.3%	8.8%	3.5%
Some college	67.9%	63.3%	-4.6%	3.1%	8.0%	4.9%
College and higher	76.1%	73.5%	-2.6%	2.1%	4.9%	2.8%
Selected Age Groups						
18-24	49.3%	44.0%	-5.3%	12.3%	16.0%	3.8%
25-34	78.6%	72.5%	-6.1%	4.0%	8.7%	4.8%
35-44	76.8%	74.2%	-2.6%	3.7%	7.5%	3.7%
45-54	76.8%	74.5%	-2.3%	3.2%	6.5%	3.3%
55 and older	36.2%	37.4%	1.1%	3.7%	6.6%	2.9%

Note: Education breakouts for those 25 and older only.
Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for NYC.

Although the state’s unemployment rate might be overstated by a percent or so, it was still much higher during the first half of 2012 than during the first half of 2008, before the recession hit New York. Correspondingly, the percent of the working age population that is employed—the employment-to-population ratio, or employment rate—is also well below its pre-recession level.

The Great Recession and weak recovery have taken a greater toll on men than women even though the employment rate for men remains well above that for women. The unemployment rate for black New Yorkers was nearly twice that for white non-Hispanics, and the unemployment rate for blacks rose twice as much as for whites over the past four years.

As one would expect, the unemployment rate for those with less than a high school education is much higher than for better educated workers, and in the first half of 2012 was two-and-a-half times the unemployment for those with a four-year college degree or better. Unemployment is higher for the youngest group of workers—those ages 18-24—but over the past four years, unemployment rose the most, and the employment rate declined the most, for workers in the 25-34 age group, boding ill for these young workers’ future employment and income prospects.

New York City’s unemployment rate may be slightly overstated, but the household survey shows unemployment is much higher for blacks and Hispanics, and workers with some college and those ages 35-44 have been hard hit by the recession and weak recovery.

FIGURE 12

New York City	Employment to Population Rate			Unemployment rate		
	1H 2008	1H 2012	Change in pct. point	1H 2008	1H 2012	Change in pct. point
ALL	56.4%	54.1%	-2.4%	5.3%	9.7%	4.4%
Gender						
Males	63.9%	60.6%	-3.2%	5.2%	9.6%	4.5%
Females	49.9%	48.3%	-1.6%	5.4%	9.7%	4.3%
Race and Ethnicity						
White non-Hispanics	57.4%	57.2%	-0.1%	3.1%	6.9%	3.8%
Black non-Hispanics	56.2%	49.1%	-7.1%	7.1%	14.4%	7.3%
Hispanics	54.4%	51.4%	-2.9%	6.9%	12.8%	5.9%
Asians & others	58.5%	58.6%	0.1%	4.8%	4.0%	-0.8%
Education Attainment Level						
Less than High School	36.7%	34.5%	-2.2%	6.5%	10.1%	3.6%
High school or equiv.	54.0%	53.2%	-0.8%	5.7%	10.9%	5.2%
Some college	67.1%	60.6%	-6.5%	4.4%	10.7%	6.3%
College and higher	77.3%	75.7%	-1.6%	2.6%	6.2%	3.6%
Selected Age Groups						
18-24	42.2%	35.3%	-6.9%	13.0%	17.0%	4.0%
25-34	77.2%	69.4%	-7.7%	4.4%	9.9%	5.5%
35-44	76.0%	70.8%	-5.2%	3.9%	10.3%	6.4%
45-54	73.0%	72.7%	-0.3%	4.0%	7.3%	3.3%
55 and older	31.8%	36.3%	4.5%	4.7%	7.0%	2.3%

Note: Education breakouts for those 25 and older only.
Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for NYC

As with the state overall, it may be that New York City’s unemployment rate is overstated by about one percentage point. However, that would still leave the city with a much higher unemployment rate than prior to the recession, and with unemployment rates for black and Hispanic workers in the double digits. The employment rate is basically unchanged for white and Asian workers compared to the first half of 2008 before the recession, but the black employment rate dropped sharply and is around fifty percent.

The fact that most of New York City’s job growth over the past four years has been concentrated in low-wage sectors helps explain why the employment rate has dropped much more for city residents with some college than for those with less than a high school education. Lower-wage jobs generally have lower educational requirements. In a similar vein, it is striking that employment rate declines in the city have been heavily concentrated among workers in the three 18-44 age categories. For workers 45-54, the employment rate is about the same as four years ago, and for workers 55 and older, the employment rate has increased sharply, likely an indication that older workers are holding onto jobs rather than retiring.

Unemployment for the balance of the state—the downstate suburbs and upstate—may be slightly overstated but it is still well above the pre-recession level, particularly for Hispanics, and unemployment remains very high for black workers and less-educated workers.

FIGURE 13

Balance of State	Employment to population ratio			Unemployment rate		
	1H 2008	1H 2012	Change in pct. Point	1H 2008	1H 2012	Change in pct. Point
ALL	60.2%	57.0%	-3.2%	4.9%	7.8%	2.9%
Gender						
Males	65.1%	62.2%	-2.9%	5.6%	8.9%	3.3%
Females	55.6%	52.2%	-3.5%	4.1%	6.5%	2.4%
Race and Ethnicity						
White non-Hispanics	60.3%	57.8%	-2.5%	4.4%	7.1%	2.7%
Black non-Hispanics	57.8%	55.5%	-2.3%	8.9%	11.8%	2.9%
Hispanics	63.6%	57.9%	-5.7%	5.9%	10.0%	4.1%
Asians & others	56.9%	46.7%	-10.2%	5.9%	8.1%	2.2%
Education Attainment Level						
Less than High School	39.0%	31.6%	-7.4%	8.2%	15.8%	7.6%
High school or equiv.	55.3%	52.5%	-2.8%	5.3%	7.3%	2.0%
Some college	67.8%	64.4%	-3.4%	2.7%	6.8%	4.1%
College and higher	74.8%	71.9%	-2.9%	1.9%	3.9%	2.0%
Selected Age Groups						
18-24	54.3%	50.7%	-3.6%	12.5%	15.5%	3.0%
25-34	79.9%	76.1%	-3.8%	3.9%	7.6%	3.7%
35-44	76.9%	77.1%	0.1%	3.9%	5.3%	1.4%
45-54	79.0%	75.5%	-3.5%	3.0%	6.0%	3.1%
55 and older	38.7%	37.9%	-0.8%	3.4%	6.3%	2.9%

Note: Education breakouts for those 25 and older only.
Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for BOS.

While the unemployment rate might be slightly overstated for the downstate suburbs together with the upstate areas, it is fairly certain that unemployment is much higher than before the recession and that unemployment increased sharply for Hispanics during the recession and the weak recovery. Less-educated workers also experienced a steep increase in joblessness over the past four years.

Unemployment remains very high for black workers and for young workers, ages 18-24. For the balance of the state area, workers in the 35-44 age range appear to have fared better—in terms of a fairly flat employment rate and a relatively small increase in unemployment—over the past four years than workers in the 45-54 age bracket.

The average duration of unemployment in New York State is approximately nine months (38 weeks), and is particularly high among women, blacks and older workers, and in New York City.

FIGURE 14

First half 2012	Average duration of unemployment (weeks)		
	NYS	NYC	BOS
ALL	37.8	41.9	34.3
Gender			
Males	36.0	41.3	32.2
Females	40.1	42.6	37.5
Race and Ethnicity			
White non-Hispanics	35.3	39.2	34.2
Black non-Hispanics	45.0	48.3	37.6
Hispanics	36.3	39.1	29.1
Asians & others	39.1	38.0	40.3
Education Attainment Level			
Less than High School	41.0	44.3	37.9
High school or equiv.	42.7	46.2	39.0
Some college	41.9	44.5	39.9
College and higher	42.2	39.2	45.9
Selected Age Groups			
18-24	26.6	36.9	20.6
25-34	37.3	41.5	32.1
35-44	41.2	45.5	34.6
45-54	45.0	50.6	41.0
55 and older	46.9	35.9	53.8

Note: Education breakouts for those 25 and older only.
Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for NYC.

According to the household survey, the average unemployed worker in New York State was jobless for roughly nine months during the first half of 2012. This situation is basically the same as it has been since early 2011. One fourth of those unemployed have been out of work for over a year. Statewide, women have, on average, been unemployed for a longer period than men, and blacks and older workers endured very long unemployment spells.

The average duration of unemployment is nearly two months longer in New York City than in the balance of the state, 41.9 weeks vs. 34.3 weeks. In looking at the unemployed in terms of age ranges, in New York City workers 45-54 have the longest average duration of unemployment (50.6 weeks), while in the balance of the state, workers 55 and older have by far the longest average unemployment duration, 53.8 weeks (more than a year). In New York City, less educated workers generally have longer unemployment spells, whereas in the balance of the state, workers with a four-year college degree or better have the longest average unemployment.

Within New York State, the larger cities tend to have much higher unemployment rates than their suburban areas in the first half of 2012.

FIGURE 15

Upstate MSAs	Labor force	Employed	Unemployed	Unemployment rate
Albany-Schenectady-Troy, NY MSA	443,483	409,250	34,250	7.7%
Albany city	46,867	42,833	4,033	8.6%
Schenectady city	30,767	27,800	2,950	9.6%
Troy city	23,783	21,383	2,417	10.2%
Outside of cities	342,067	317,233	24,850	7.3%
Binghamton, NY MSA	119,333	108,800	10,550	8.8%
Binghamton city	20,733	18,800	1,917	9.2%
Outside of city	98,600	90,000	8,633	8.8%
Buffalo-Niagara Falls, NY MSA	569,917	520,283	49,633	8.7%
Buffalo city	114,783	102,133	12,650	11.0%
Niagara Falls city	22,850	20,183	2,683	11.7%
Outside of cities	432,283	397,967	34,300	7.9%
Rochester, NY MSA	526,717	483,533	43,183	8.2%
Rochester city	94,133	83,983	10,167	10.8%
Outside of city	432,583	399,550	33,017	7.6%
Syracuse, NY MSA	320,533	292,117	28,400	8.9%
Syracuse city	63,033	56,617	6,400	10.2%
Outside of city	257,500	235,500	22,000	8.5%
Five major upstate NY MSAs	1,979,983	1,813,983	166,017	8.4%
Cities	416,950	373,733	43,217	10.4%
Outside of cities	1,563,033	1,440,250	122,800	7.9%
New York City	3,958,650	3,572,067	386,583	9.8%
Five NYC suburban counties	2,142,417	1,984,533	157,850	7.4%
Nassau county	681,533	633,050	48,450	7.1%
Putnam county	53,850	50,233	3,600	6.7%
Rockland county	155,750	144,917	10,833	7.0%
Suffolk county	779,167	718,100	61,067	7.8%
Westchester county	472,117	438,233	33,900	7.2%
10 downstate counties	5,628,950	5,118,367	510,533	9.1%
Total of six major metropolitan areas	8,081,050	7,370,583	710,450	8.8%
Rest of State	1,441,333	1,312,483	128,867	8.9%
New York State	9,522,383	8,683,067	839,317	8.8%
United States	154,533,833	141,660,667	12,873,333	8.3%

Source: FPI analysis of NYS Department of Labor Local Area Unemployment Statistics

During the first half of 2012, in the five major upstate metropolitan areas, the large cities averaged 10.4 percent unemployment, 2.5 percentage points higher than their suburban areas within those metro areas (7.9 percent unemployment). New York City had a roughly similar relationship to the five downstate suburban counties, with unemployment averaging 9.8 percent in New York City for the first half of 2012 and 7.4 percent in the five suburban counties.

Appendix: Reconciling payroll jobs data and the unemployment rate

The text accompanying Figures 2, 3, 4, 5 and 7 review the data regarding the increase in payroll employment over the past two years in New York, and suggest the implausibility of a significantly rising unemployment rate over that period, particularly the sizable increase reported over the past year. The text accompanying Figure 7 compares New York's payroll job growth and unemployment trend over the past two years to all other states, a comparison that underscores the implausibility of New York's simultaneous payroll job and unemployment rate increase over the past two years.

It is not unusual for there to be periods during a recovery when the unemployment rate rises if the labor force expands suddenly. This could happen in the context of an improving job market if previously discouraged workers or others who had been out of the labor force decided to re-enter the labor force, adding to the numbers looking for work, and being counted among the unemployed if they failed to find a job. New York State's labor force grew by about 100,000 or 1.1 percent (on a seasonally adjusted basis), between July 2011 and July 2012, with some of that increase coming as a result of discouraged workers re-entering the job market. The state's unemployment rate rose by nine tenths of a percent over this 12-month period, from 8.2 to 9.1 percent. However, when compared to the 11 other states that had greater proportionate labor force increases over this period, 10 of those states had declines in unemployment and only Louisiana had an increase in its unemployment rate but of just three tenths of a percent, much smaller than New York's nine tenths of a percent increase.

Another factor that could mute the effect of a payroll employment increase in reducing unemployment is where workers who had previously been self-employed take a payroll employment job. This wouldn't change the employment level in the household survey, even though there was an additional payroll job in the state's economy. FPI analysis of the Current Population Survey indicates that between the first six months of 2010 and the first six months of 2012, there was a sharp decline in self-employment in New York State of 135,000. This magnitude of workers switching from self-employment to payroll employment would certainly dampen the effect of a given payroll employment gain in reducing the unemployment rate. However, such a switch cannot readily be reconciled with a reported decline in the household employment level over the past two years.

The question remains why moderate payroll employment growth in New York State has not reduced the unemployment rate. The available data for New York and other states suggest that the unemployment rate is overstated in New York State, and for New York City and many cities, counties and metropolitan areas across the state. While a precise estimate of the extent to which New York's unemployment rate is overstated is not possible, it is reasonable to conservatively assume that it is in the one percent range.

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